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Jeffrey M. Nelson
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November 17, 2017

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: SCE&G Activities at V.C. Summer Units 2 and 3

Dear Ms. Boyd:

South Carolina Electric & Gas Company (SCE&G) is continuing to actively pursue abandonment of V.C. Summer Units 2 and 3 and is planning to complete the abandonment by the end of 2017. As noted in their allowable *ex parte* briefing with the PSC on November 9, 2017, they regard 2017 as a pivotal date to accomplish the abandonment and obtain maximum benefits from available tax credits. **SCE&G plans to terminate the Combined Operating License with the Nuclear Regulatory Commission on or before December 15, 2017.**

These actions could restrict the ability to restart construction, either in the near- or long-term, and could increase the costs associated with doing so.

The Office of Regulatory Staff (ORS) visited the construction site on November 14th to observe the status of activities. The following summarizes the information gleaned from that visit:

Environmental and Safety: It was reported to the ORS that all free-hanging, temporarily installed equipment has now been secured and all loose temporary floor plate and plywood has now been removed and safely stowed. All tools not in use have been assembled in a designated area ready for removal, ideally via potential sale or salvage. This is also true with unused vehicles including pick-up trucks, dump trucks, flat-bed and other trucks, motorized carts, backhoes, bulldozers, and other construction vehicles.

Work continues in filling all open trenches and remediating areas to meet environmental-permit requirements (mostly grading proper slopes and grass seeding to prevent erosion and ensure proper drainage). The ORS visited the wastewater discharge outfall area where a large crane was being readied to remove the stainless steel diffuser pipe and coffer dam sheet piling from the Broad River shoreline. This work was scheduled to start on November 16, 2017.

Equipment: SCE&G advised the ORS that they have brought in an outside contractor and will work in conjunction with the V.C. Summer Unit 1 Maintenance Group to conduct the preventative maintenance on, and preservation of, all potentially salvageable equipment through the end of 2017. However, they do not plan at this time to continue this process beyond the end of the year.

The decrease in the number of cranes on site was noticeable. The Bigge Heavy Lift Derrick (HLD) is still in place, but Westinghouse Electric Company (WEC) is supposed to remove it from the site before the end of the year. Vendors have been working to remove their cranes and other rental equipment from the site. The ORS observed two large cranes in the lay-down configuration being prepared for disassembly and transport.

The ORS toured two of the large on-site warehouses and observed that the Level A and Level B storage requirements were still in place and functional. These warehouses contain large, climate-sensitive components such as the 8200 horsepower circulating-water pump motors; scores of large HVAC air handling and filtration units; ASME Section III remote-operated valves; hundreds of boxes of quality-controlled welding rod; instrumentation panels; main control-room components (e.g., large plasma display monitors); hundreds of electrical couplers; motor-control centers; switchgear and many, many other high-end plant components. The ORS also observed domestic items such as refrigerators and microwaves as well as several pallets of water. All of the warehouse equipment, including the domestic items, is intended to be scrapped or abandoned.

Westinghouse Electric Company (WEC): WEC owns the HLD, the concrete batch plant, and the Modular Assembly Building and is scheduled to remove them before the end of the year. WEC has indicated they have a strong bidder for the batch plant, but have made no progress on the other two.

Buildings: The ORS toured the off-site water processing facility, which is nearing operational turnover and should be fully operational by the first of the year. This facility is now under SCE&G control and management with start-up assistance supplied by two new contractors. Graver, who was originally scheduled to start up and run this facility for a year, has been released and is no longer on-site. The facility and costs will soon be fully transferred to Unit 1.

The ORS was advised -- and observed -- that the exterior of the new service building has been completed and is weather-proofed. The ORS was informed that the interior is substantially complete and lacks only cubicles and IT equipment. However, no plans exist to utilize this facility. It will be abandoned.

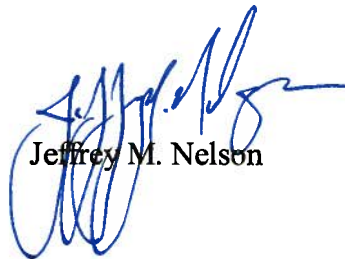
Chicago Bridge and Iron (CB&I) Services: SCE&G informed the ORS that CB&I Services (the containment vessel assembly contractor) has now demobilized and is no longer on the site.

Asset Ownership: For some assets, no clear path of ownership exists. The disputes generally arise out of non-payment, partial payment, or disputed payment of invoices. SCE&G advised the ORS that negotiations with WEC on this matter have not progressed and that WEC is maintaining a position that is unacceptable to SCE&G. Negotiations will continue, but there is little room for optimism that this issue will be resolved outside of litigation.

According to SCE&G, nothing has yet been sold from the site, and nothing has yet been transferred to Unit 1. SCE&G is working on plans in both of these areas; however, SCE&G's primary focus is to complete the tax-deduction strategy and to determine what can be included in the scope of the tax deduction.

SCE&G's site activities are consistent with its presentation to the PSC. They fully intend to walk away from the site and formally abandon it by the end of the year. If timely action is not taken, the opportunity to restart construction, either in the near- or long-term, may ultimately be negated or severely limited.

Sincerely,



Jeffrey M. Nelson

cc: K. Chad Burgess, Esquire
Joseph Melchers, Esquire